

Press Release



Interim Results for the Half Year to 30 September 2009

London – 17 November 2009

ICAP plc (IAP.L), the world's premier interdealer broker, today announced its report for the half year ended 30 September 2009.

Highlights:

	Six months to 30 September 2009	Six months to 30 September 2008	Increase
	£m	£m	
Revenue	809	764	6%
Net operating expenses ^{1,3}	(640)	(581)	(10%)
Profit ²	166	174	(5%)
Profit before tax – statutory ⁷	139	148	(6%)
EPS (basic)	14.7p	14.5p	1%
EPS (adjusted basic)	17.5p	17.2p	2%
Dividends per share	5.11p	4.7p	9%

- **Record Group first half revenue and earnings per share**
- **Group revenue rose by 6% to £809m**
- **Electronic revenue of £122m produced operating profit³ of £47m**
- **Significant investment during the period, which has driven the development of new voice, and post-trade businesses. No exceptional income or costs were recognised**
- **On an underlying basis⁴ revenue fell by 9% and operating profit³ by 24%**
- **The Group's operating profit³ margin was 21% (2008: 24%), reflecting the early stage of some acquisitions and investments**
- **Free cash flow⁵ of £107m (2008: £75m). Net debt⁶ of £144m (31 March 2009 : £126m) after making acquisition related payments of £56m and paying £59m in dividends**
- **An interim dividend of 5.11 pence per share (2008: 4.7 pence) covering the six-month period to 30 September 2009 will be paid on 19 February 2010 to shareholders on the register on 8 January 2010. In the normal course of events, ICAP's interim dividends are calculated at 30% of the previous year's full year dividend**

Michael Spencer, Group Chief Executive Officer, said, "We have delivered a resilient performance following the very high levels of activity we experienced during 2007 and 2008. ICAP made a solid start to the year across many markets ahead of a pronounced seasonal slowdown during the summer, a phenomenon that we have not seen for the past two years. Higher market activity levels returned in September. These results demonstrate the depth and breadth of our business model. This environment has provided a significant number of opportunities to develop an even more diversified revenue base as a platform for future growth and we are continuing to invest.

ICAP provides the infrastructure to improve the resilience and efficiency of the world's wholesale OTC markets. Our goal is to be the leading global intermediary and the leading post-trade services provider in these markets. We aim to generate profit that is evenly distributed between voice broking, electronic broking and post-trade services.

We are well positioned to benefit as more normal trading conditions return to our markets. We have sustained our core business during the market turmoil and retain our leading position in the largest and deepest OTC markets. To further diversify our revenue base we have made substantial investments which we expect will make a material contribution to ICAP's revenue and profit in the future. The Group is uniquely positioned to provide the electronic execution services that new regulations are expected to demand. We have established a material presence in post-trade services and continue to develop new products to meet the infrastructure needs of our markets."

Notes

1. Includes operating expenses net of other income.
2. Profit is defined as pre-tax profit before amortisation and impairment of intangibles arising on consolidation.
3. Excludes amortisation and impairment of intangibles arising on consolidation.
4. As per note 3 above and adjusted to exclude the impact of foreign exchange. There were no material acquisitions during the period.
5. Free cash flow is net cash flow from operating activities after deducting capital expenditure and adding dividends received from associates and investments.
6. Net debt is cash and cash equivalents less long and short term borrowings and overdrafts.
7. Restated following a prior year adjustment to recognise deferred tax liabilities on intangible assets arising on consolidation and the consequent recognition of goodwill of an equivalent amount.

There will be a briefing for analysts and investors at 09:30 GMT on Tuesday 17 November 2009 at 2 Broadgate, London EC2M 7UR. A webcast of the presentation made to analysts at 09:30 GMT on Tuesday 17 November 2009 will be available on the web site, www.icap.com at 17:00 GMT on Tuesday 17 November 2009. It will remain on the web site for six months. A further conference call will be held at 14:30 GMT/09:30 EST for investors and analysts in North America. For dial in details and a copy of the presentation please contact Maitland on +44 (0) 20 7379 5151.

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Notes to editors:

About ICAP

ICAP is the world's premier interdealer broker and supplier of post-trade services. The Group is active in the wholesale markets in interest rates, credit, commodities, foreign exchange and equity derivatives. ICAP plc was added to the FTSE 100 Index on 30 June 2006. For more information go to www.icap.com.

ICAP plc

Interim management report for the half year to 30 September 2009

Review of operations

ICAP has delivered a resilient performance following the very high levels of activity we experienced during 2007 and 2008. We made a solid start to the year across many markets ahead of a pronounced seasonal slowdown during the summer, a phenomenon that we have not seen for the past two years. Higher market activity levels returned in September. These results demonstrate the depth and breadth of our business model. This environment has provided a significant number of opportunities to develop an even more diversified revenue base as a platform for future growth and we are continuing to invest.

As a result ICAP produced a profit in the half year to 30 September 2009 of £166 million (2008: £174 million) before taxation, amortisation and impairment of intangibles arising on consolidation and exceptional items; 5% lower than the prior year. On a statutory basis, profit before taxation was £139 million for the half year ended 30 September 2009 (2008: £148 million). We continue to believe that profit before taxation, amortisation and impairment of intangibles arising on consolidation and exceptional items better reflects the Group's year-on-year performance. This measure is reconciled to profit before taxation on the face of the consolidated income statement.

Many of the markets in which we operate had some benefit from the continuing low short-term interest rates, steep yield curves and substantial corporate and government bond issuance. Both credit and equity derivatives have experienced more difficult conditions. However, deleveraging by both banks and hedge funds appears to have stabilised. Overall activity levels in commodities have remained strong.

In electronic broking, markets have been quieter than the very active conditions a year ago; cost reductions and other measures have helped to maintain margins. Higher volumes and increased revenue is being reported across the post-trade service and information business. Combined, ICAP's electronic broking and post-trade services businesses accounted for 47% of operating profit.

Our business is already well diversified and we are continuing to invest in its future development. As most of the businesses in which we have recently invested are at an early stage of their development their initial impact has reduced Group margins. Overall our investment in new initiatives has been offset by cost savings and reduced clearing costs, but margins have been affected by changes in the voice product mix. The Group continues to be highly cash generative to support these investments and benefits from a strong balance sheet.

Opportunities in changing markets

In the wake of last year's turmoil in the financial markets, the debate about strengthening financial regulation, supervision and market infrastructure and ensuring efficient, safe and sound OTC derivatives markets is continuing.

There has been a tremendous response by the banks to regulatory demands for improvements in their trading and post-trade operations and there will be increasing use of electronic solutions that might otherwise have taken years to have become established. Significant progress has already been made by the banks and clearing houses to increase the proportion of business that is being centrally cleared. The merits of central clearing of OTC derivatives are well established and headway has been made to ensure non-discriminatory access between competing trading venues.

We believe that decisions on the eligibility of derivatives for clearing are best made by the risk committees of the various clearing houses. To be clearable derivatives need to be standardised and have regular price formation. We believe that any definitions of standard contracts should focus on contract terms that determine the fungibility of risk; while preserving flexibility in other

contract terms and particularly those contract terms that determine the economic behaviour of the contract. For those derivatives that cannot be centrally cleared automated bilateral collateralisation can deliver effective and comprehensive risk mitigation.

We continue to expect that our electronic broking business will be a substantial beneficiary of a shift to more efficient and transparent markets arising from increased electronic trading and clearing of standardised contracts. The definition of the role of swap execution facilities and exchanges is emerging in the US and in Europe the concept of Multilateral Trading Facilities (MTF) is well established under MIFID. Both the US and European authorities recognise that competition between different regulated trading venues in the OTC derivatives markets increases market efficiency.

The development of global trade information warehouses will potentially meet the needs of regulators for speedy access to net and gross exposures by counterparty. They would also meet demands for publication of post trade data on an aggregate basis (publication of disaggregated data would be a severe deterrent to banks deploying their capital in these markets). Political rather than regulatory demands for pre trade transparency outside the wholesale markets could severely affect price formation and reduce the banks commitment of capital to the markets.

Demand for improvements in market infrastructure will continue to provide major opportunities for our expanding post-trade service business. Voice broking will continue to be required for more complex, less liquid products which are unsuitable for electronic broking and clearing. It is the range, depth and value of these opportunities which underpins our significant investment spend in the business.

Outlook

ICAP provides the infrastructure to improve the resilience and efficiency of the world's wholesale OTC markets. Our goal is to be the leading global intermediary and the leading post-trade services provider in these markets. We aim to generate profit that is evenly distributed between voice broking, electronic broking and post-trade services.

ICAP is well positioned to benefit as more normal trading conditions return to our markets. We have sustained our core business during the market turmoil and retain our leading position in the largest and deepest OTC markets. To further diversify our revenue base we have made substantial investments which we expect to make a material contribution to ICAP's revenue and profit in the future. The Group is uniquely positioned to provide the electronic execution services that new regulations are expected to demand. We have established a material presence in post-trade services and continue to develop new products to meet the infrastructure needs of our markets.

In the short term we expect to benefit from the usual phasing of our revenue driven by increased activity levels in the first quarter of the calendar year. In addition our new businesses are expected to become more profitable, though the precise timing of this can be difficult to predict. On this basis, profit before tax, amortisation and impairment of intangibles arising on consolidation and exceptional items for the financial year ending 31 March 2010 is anticipated to be in line with current analysts' expectations, assuming that exchange rates remain at current levels for the remainder of the financial year.

Divisional performance

The introduction of International Financial Reporting Standard 8 requires that ICAP reports on segments of its business in the same way externally as we manage and report the business internally. The major segments are Core voice broking, New businesses, Electronic broking and Post-trade and information services. New businesses, currently comprising new voice broking businesses, have been separated out to allow the appropriate focus given the very substantial investment that is being undertaken.

Core voice broking

	Revenue	Headline growth	Underlying growth ¹	Operating profit ¹	Headline growth	Underlying growth ¹
	£m			£m		
Europe Middle East & Africa (EMEA)	256	2%	(4%)	54	(4%)	(12%)
The Americas	216	11%	(9%)	41	11%	(5%)
Asia Pacific	46	(10%)	(22%)	2	(33%)	(40%)
Total	518	4%	(8%)	97	1%	(10%)

The performance of the business in each segment reflects comparison with an exceptionally volatile period in 2008 and also felt the impact of the summer slowdown in July and August 2009.

In the EMEA area revenue has held up, mainly driven by corporate bonds, futures and government bonds. This has been offset by a decline in interest rate derivatives activity compared with an exceptional year in 2008, and credit derivatives which suffered from both regulatory uncertainty about clearing and changes to market practices. The commodities markets have continued to be busy.

Voice broking revenue in the Americas was affected by the performance of interest rate derivatives and cash products. These were partially offset by the good performance of corporate bonds and in Federal Deposit Insurance Corporation bonds. Operating profit improved as the cost initiatives we took last year came into effect.

In the Asia Pacific region the overall market appetite for risk remained low and revenue fell by 10%. Revenue in Japan benefited from more active trading in the Japanese Government Bond market. In the smaller Asian centres risk appetite for local currency products began to increase again but still remains well below pre credit crunch levels. Competitive pressure on broker remuneration remains high.

New businesses

	£m	Headline growth
Revenue	101	16%
Operating profit ¹	(7)	(158%)

The new businesses segment comprises our portfolio of new businesses which have been started or acquired in the last two financial years. This segment includes the Group's investments in: cash equities - Europe, Asia and the US, equity derivatives - Europe, Asia and the US, European asset backed securities, intellectual property/patent broking, iron ore, LME futures and options, media derivatives, secondary markets in hedge fund investments, shipping and freight derivatives, South America particularly Brazil, uranium, US financial futures.

We anticipate that this segment will be dynamic in nature with new businesses which represent a diversification of ICAP's existing portfolio joining the segment on acquisition (or at inception if started in-house) and normally remaining in this segment for the following two financial years whilst the business is integrated into the wider ICAP business or in the case of start-ups, move towards operational maturity.

We have invested an additional £38 million of operating expenses in the first half in the long-term growth of our voice broking business. Whilst we are already making revenue from all our new businesses (representing 16% of our total voice broking revenue) these initiatives are expected to show further growth in the next six months. However these investments have reduced Group margins by 3 percentage points.

ICAP has historically been underweight in cash equities but during the past 18 months has built a full service global business to meet market demand for an independent, non-conflicted agency broker. The business is now established; 210 staff have joined the business in eight countries and they have already traded with 450 accounts. The business combines voice broking with innovative technology, sales, execution and research but does not take proprietary positions. Recently we launched BlockCross, an electronic platform which offers anonymous block crossing in 6000 stocks to both the buy and sell side.

In the medium term, the emerging markets and in particular the four BRIC countries (Brazil, Russia, India & China) represent real opportunities as their wholesale financial markets develop. Of these we believe that Brazil is the one that offers the most immediate opportunity with annual industry revenues currently estimated to be worth US\$1 billion. This represents an estimated 65% of our industry's revenue potential in Latin America.

We currently have 270 staff covering these markets from other centres. In addition, following the acquisition of Arkhe the leading BM&F derivatives broker, we already have more than 220 staff in Brazil. There has been a structural shift of the financial markets in Brazil and a more sophisticated infrastructure has evolved. We anticipate further bank consolidation which will lead to increasing internationalisation of the Brazilian banks and increased participation by global banks. Our growth is expected to come from all asset classes including an on-line retail equities business.

During this period we acquired the transactions division of Ocean Tomo LLC, the leading intellectual property broking firm for consideration of US\$10 million at closing, comprising \$5 million in cash and \$5 million of restricted ICAP plc stock. The combination of ICAP's existing successful patent brokerage business and the Ocean Tomo brand will help us build a leading position in the global patent and intellectual property broking market.

In shipping, volumes have now steadied but freight rates have reduced revenue. This is a cyclical business that we believe will recover as current oversupply is addressed and trade finance becomes available. Overall global volumes in equity derivatives are just above the equivalent period in 2008, however brokerage rate reductions have translated into a decrease in overall revenues.

Electronic broking

	£m	Headline growth	Underlying growth ¹
Revenue	122	(5%)	(24%)
Operating profit ¹	47	(6%)	(33%)

Our electronic fixed income and FX businesses showed remarkable growth in the past two years and volumes returned to more normal levels this year. Fixed-income volume is growing again and we have also seen an improvement in electronic volumes in FX in the past two months.

ICAP has operated a successful electronic credit derivative trading platform in Europe since 2004. Recently we successfully launched a fully electronic independent OTC swap execution facility for US Credit Default Swap Indices for the wholesale interbank market.

This new facility is a response to the demand for electronic trading initiatives which will strengthen market structures and improve efficiency in the more regulated markets of the future. The system uses ICAP's established electronic broking infrastructure that is consistent with many of the proposals emanating from Washington for OTC swap execution facilities. Banks that are direct clearing members of registered CDS clearing houses for US CDS are able to use the system.

Strong demand for spot FX prime brokering services in all sectors is returning and we continue to see more entrants, further increasing the diversity of counterparties on the platform. The number of customers trading through prime brokers has risen to over 300 trading floors and average daily volumes now comprise approximately 33 percent of total spot FX volumes on our spot FX platform.

We continue to invest in technology and upgrades to further enhance the existing competitive advantage of our electronic broking platforms. There have been several new product initiatives and a series of technology enhancements, aimed at balancing the requirements of human and algorithmic traders in response to customer demand. ICAP's total spend on IT, on an annualised basis, remains 11% of revenue.

Post-trade and information services

	£m	Headline growth	Underlying growth ¹
Revenue	68	33%	15%
Operating profit ¹	32	28%	4%

The division produced good revenue and profit growth in this half year with information services, Reset and Traiana all contributing.

We are developing our post-trade and information business to provide innovative services that enable our customers to reduce their costs and risks and increase their efficiency, return on capital and capacity to process trades. Our aim is to develop a series of technology driven businesses, which fall into three categories:

- those that focus on dealing with post trade issues generated by high frequency trading. The widening use of automated strategies, algorithmic trading and retail aggregators means that we expect continued growth in high velocity markets which in some products already account for 45% of flow trades. Customers include both the sell side and buy side together with the trading platforms that operate in these markets. We have begun with a strong start in the FX markets and expect to expand quickly into other asset classes.

An example is our joint venture with CLS Group which uses technology provided by Traiana, through its Harmony Network. The new business addresses the back office strains created by the rapid increase of trading volumes in FX and is expected to start operations this year with the support of eight banks

- helping banks and other financial institutions manage their OTC derivatives portfolios more efficiently by reducing counterparty, operational and market risk. These services include portfolio compression services, effective management of counterparty exposures and automation of collateral management.

A new business, ReMatch, has recently been launched. The service identifies many of the basis and calendar risks that accumulate as a result of market making and management of legacy credit derivative portfolios and aims to neutralise risk by reducing net open positions.

The International Swaps and Derivatives Association (ISDA) has appointed TriOptima, a financial technology company of which ICAP owns 38.7%, to develop a trade repository to collect information on all trades in the \$418 trillion interest rate derivatives market by the end of 2009.

- providing real-time, end-of-day and historical market data on global markets across a broad range of asset classes to professionals in the international financial markets. The data is sourced from our global interdealer broking platforms. There is increasing demand for high quality data for compliance, risk management and valuation services.

Markets

The following table illustrates the development of ICAP's business by the markets in which we operate.

Revenue £m	2009	2008	Growth
Interest rates	319	316	1%
Credit	108	79	37%
Commodities	85	76	12%
FX	131	124	6%
Equities	104	105	(1%)
Emerging markets	62	64	(3%)
Total	809	764	6%

Profit/cash conversion

The Group remains highly cash generative with free cash flow of £107 million in this period (2008 - £75 million). This compares to adjusted profit after tax of £112 million.

In the six months ended September 2009 cash generated by operations was £168 million (2008 - £151 million), up £17 million compared with the same period last year. The positive impact of year on year difference in the timing of trade settlement of £28 million was partially offset by a reduction in trading receipts of £9 million and a working capital outflow of £2 million. These, combined with lower tax and interest payments, resulted in an increase in free cash flow. The free cash flow has funded the 2009 final dividend of £59 million and acquisition payments (net of cash acquired) of £56 million. As a result there has been no material change in net debt.

Balance sheet

At 30 September 2009, net debt was £144 million, up £18 million on 31 March 2009. Gross debt was £574 million. Cash and cash equivalents decreased during the period by £3 million to £430 million.

In July 2009, the Group significantly strengthened its balance sheet by issuing €300 million of five year, 7.5% bonds. The proceeds of the issuance were swapped into sterling and have been used to repay drawings under the £135 million amortising term loan which was previously taken out in April 2008 to finance the purchase of Link and to increase available headroom under the Group's core £532 million revolving credit facility. At 30 September 2009, the Group had access to £364 million of committed headroom under this facility.

At 30 September 2009, the matched principal business resulted in the Group's balance sheet being grossed up by £65 billion (September 2008 – £44 billion).

Dividend

In the normal course of events, ICAP's interim dividends are calculated at 30% of the previous year's full year dividend. As a result, an interim dividend of 5.11 pence per share (2008: 4.7 pence) covering the 6 month period to 30 September 2009 will be paid on 19 February 2010 to shareholders on the register on 8 January 2010.

Under the terms of the scrip dividend scheme approved at the AGM in July, shareholders will be offered the opportunity to elect to receive their cash dividend in shares. Further details will be announced on 13 January 2010.

Foreign exchange

The impact of sterling weakening against the US dollar and the euro was to increase profit by £42 million in the period. Should sterling and the euro continue to trade at \$1.65/£1 and €1.10/£1 respectively, the impact on the full year would be to increase profit by £51 million compared with

2008/09. Should sterling continue to trade at these levels, the year-on-year impact in 2010/11 would be an estimated increase in operating profit of £18 million.

Tax and Minority interests

As a result of the change in mix of profits together with some operational planning the expected tax rate (as a percentage of the profit before tax) for the year to March 2010 is 33% down by one percentage point compared to the prior year. Following the acquisition of the minority interests in Reset earlier this year, ICAP has no significant minority interests.

Notes

- I. The current forecasts for ICAP plc pre-tax profits referred to in this announcement are based on forecasts of profit before tax, amortisation and impairment of intangibles arising on consolidation and exceptional items provided by 11 equity analysts. The range of those forecasts for the year to March 2010 is from £311 million to £347 million. This compares with the results for the year to March 2009 when ICAP plc's profit increased by 5% to £346 million. The source of these forecasts is Bloomberg, Reuters and the analysts.
 - II. This document contains forward-looking statements with respect to the financial condition, results and business of ICAP plc. By their nature, forward looking statements involve risk and uncertainty and there may be subsequent variations to estimates. ICAP plc's actual future results may differ materially from the results expressed or implied in these forward-looking statements.
 - III. The principal risks and uncertainties facing the Group can be classified as operational, credit, market, liquidity, financial (interest rate and currency), regulatory, reputational and strategic in nature. Details of each of these risks was set out on pages 28 to 33 and pages 97 to 104 of the Group's 2009 Annual Report. The Directors have reviewed these risks in the context of current market conditions and the outlook for the remaining six months of the financial year, have reconsidered the previous statements made on risk appetite, risk governance and internal control and do not consider there to be any significant changes since that report. The sections entitled 'Outlook' and 'Opportunities in changing markets' of the Interim management report set out details of the current market conditions and outlook.
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1. *Operating profit excludes amortisation and impairment of intangibles arising on consolidation and exceptional items. Underlying additionally excludes the impact of foreign exchange and acquisitions.*
 2. *Free cash flow is net cash flow from operating activities after deducting capital expenditure and adding dividends received from associates and investments.*
 3. *Net debt is cash and cash equivalents less long and short term borrowings and overdrafts.*

CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTH PERIOD TO 30 SEPTEMBER 2009

	Note	Before amortisation and impairment of intangibles arising on consolidation £m	Amortisation and impairment of intangibles arising on consolidation £m	Total £m
Continuing operations				
Revenue	2	809	–	809
Operating expenses		(650)	(26)	(676)
Other income		10	–	10
Operating profit	2	169	(26)	143
Finance income		6	–	6
Finance costs		(14)	–	(14)
Share of profits of associates		5	(1)	4
Profit before tax	2	166	(27)	139
Tax	3	(54)	9	(45)
Profit for the period		112	(18)	94
Attributable to:				
Owners of the parent		112	(18)	94
Minority interests		–	–	–
		112	(18)	94
Earnings per ordinary share				
– basic	5			14.7p
– diluted	5			14.4p

The accompanying notes form an integral part of these Condensed Consolidated Interim Financial Statements.

CONSOLIDATED INCOME STATEMENT CONTINUED

FOR THE SIX MONTH PERIOD TO 30 SEPTEMBER 2008

	Note	Before amortisation and impairment of intangibles arising on consolidation £m	Amortisation and impairment of intangibles arising on consolidation £m	Total £m
Continuing operations				
Revenue	2	764	–	764
Operating expenses		(589)	(25)	(614)
Other income		8	–	8
Operating profit	2	183	(25)	158
Finance income		9	–	9
Finance costs		(22)	–	(22)
Share of profits of associates		4	(1)	3
Profit before tax	2	174	(26)	148
Tax	3	(59)	8	(51)
Profit for the period		115	(18)	97
Attributable to:				
Owners of the parent		109	(17)	92
Minority interests		6	(1)	5
		115	(18)	97
Earnings per ordinary share				
– basic	5			14.5p
– diluted	5			14.2p

The above results have been restated to reflect the unwinding of additional deferred tax liabilities in respect of temporary differences arising on certain intangible assets (note 1), which was adjusted in the accounts to 31 March 2009.

The accompanying notes form an integral part of these Condensed Consolidated Interim Financial Statements.

CONSOLIDATED INCOME STATEMENT CONTINUED

YEAR ENDED 31 MARCH 2009

	Note	Before amortisation and impairment of intangibles arising on consolidation £m	Amortisation and impairment of intangibles arising on consolidation £m	Total £m
Continuing operations				
Revenue	2	1,601	–	1,601
Operating expenses		(1,263)	(63)	(1,326)
Other income		23	–	23
Operating profit	2	361	(63)	298
Finance income		19	–	19
Finance costs		(43)	–	(43)
Share of profits of associates		9	(2)	7
Profit before tax	2	346	(65)	281
Tax	3	(117)	22	(95)
Profit for the year		229	(43)	186
Attributable to:				
Owners of the parent		216	(41)	175
Minority interests		13	(2)	11
		229	(43)	186
Earnings per ordinary share				
– basic	5			27.6p
– diluted	5			26.9p

The accompanying notes form an integral part of these Condensed Consolidated Interim Financial Statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	6 months ended 30 September 2009 £m	6 months ended 30 September 2008 £m	Year ended 31 March 2009 £m
Profit for the period	94	97	186
Other comprehensive income			
Revaluation of available-for-sale investments	–	(2)	(1)
Net movement on cash flow hedges	31	6	(26)
Net exchange adjustments on investments in overseas subsidiaries	(104)	38	221
Actuarial losses on retirement benefit obligations	–	–	(1)
Revaluation gains realised in the period	–	–	(3)
Net current tax recognised in equity	1	10	43
Net deferred tax recognised in equity	(1)	(3)	(3)
Other comprehensive (losses)/income for the period	(73)	49	230
Total comprehensive income for the period	21	146	416
Total comprehensive income attributable to:			
Owners of the parent	21	140	397
Minority interests	–	6	19
	21	146	416

The 30 September 2008 comparative results have been restated to reflect additional deferred tax liabilities in respect of temporary differences arising on certain intangible assets (note 1), which was adjusted in the accounts to 31 March 2009. The accompanying notes form an integral part of these Condensed Consolidated Interim Financial Statements.

CONSOLIDATED BALANCE SHEET

	Note	As at 30 September 2009 £m	As at 30 September 2008 £m	As at 31 March 2009 £m
Assets				
Non-current assets				
Intangible assets arising on consolidation	7	1,305	1,243	1,404
Intangible assets arising from development expenditure		59	38	54
Property, plant and equipment		74	64	77
Investment in associates		36	37	38
Deferred tax assets		64	43	40
Trade and other receivables		27	9	14
Available-for-sale investments		26	23	36
		1,591	1,457	1,663
Current assets				
Trade and other receivables	6	66,175	44,999	31,739
Available-for-sale investments		4	13	5
Cash and cash equivalents	9	430	451	433
		66,609	45,463	32,177
Total assets		68,200	46,920	33,840
Liabilities				
Current liabilities				
Trade and other payables	6	(66,131)	(44,997)	(31,807)
Short-term borrowings and overdrafts	8	(179)	(586)	(289)
Tax payable		(100)	(96)	(85)
Short-term provisions		(45)	(15)	(20)
		(66,455)	(45,694)	(32,201)
Non-current liabilities				
Trade and other payables		(65)	(79)	(57)
Long-term borrowings	8	(395)	(108)	(270)
Deferred tax liabilities		(169)	(130)	(164)
Retirement benefit obligations		(2)	(1)	(2)
Tax payable		–	–	(4)
Long-term provisions		(3)	(1)	(2)
		(634)	(319)	(499)
Total liabilities		(67,089)	(46,013)	(32,700)
Net assets		1,111	907	1,140
Equity				
Capital and reserves				
Issued capital		66	65	65
Share premium		421	398	398
Other reserves		13	(7)	(18)
Retained earnings		594	438	680
Equity attributable to owners of the parent		1,094	894	1,125
Minority interests		17	13	15
Total equity		1,111	907	1,140

The 30 September 2008 results have been restated to reflect additional deferred tax liabilities in respect of temporary differences arising on certain intangible assets (note 1), which was adjusted in the accounts to 31 March 2009.

The accompanying notes form an integral part of these Condensed Consolidated Interim Financial Statements.

The Condensed Consolidated Interim Financial Statements, including accompanying notes, were approved by the board on 17 November 2009 and were signed on its behalf by:

Michael Spencer
Director

Matthew Lester
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £m	Share premium £m	Revaluation reserve £m	Hedging reserve £m	Other reserves £m	Retained earnings £m	Attributable to owners of the parent £m	Minority Interests £m	Total £m
Balance at 1 April 2008 – as restated	65	398	4	(21)	29	368	843	13	856
Total comprehensive income for the period – as restated (note 1)	–	–	(2)	(17)	–	159	140	6	146
Net own shares and Treasury Shares acquired	–	–	–	–	–	(17)	(17)	–	(17)
Net share-based payments in the period	–	–	–	–	–	4	4	–	4
Dividends paid in the period	–	–	–	–	–	(76)	(76)	(6)	(82)
Balance at 30 September 2008 – as restated	65	398	2	(38)	29	438	894	13	907
Total comprehensive income for the period	–	–	(2)	(9)	–	268	257	13	270
Own shares and Treasury Shares acquired	–	–	–	–	–	(2)	(2)	–	(2)
Shares issued from Treasury in the year	–	–	–	–	–	2	2	–	2
Net share-based payments in the period	–	–	–	–	–	4	4	–	4
Other movements in Minority interests	–	–	–	–	–	–	–	(1)	(1)
Dividends paid in the period	–	–	–	–	–	(30)	(30)	(10)	(40)
Balance at 31 March 2009	65	398	–	(47)	29	680	1,125	15	1,140
Total comprehensive income for the period	–	–	–	31	–	(10)	21	–	21
Issue of shares	–	4	–	–	–	–	4	–	4
Net own shares and Treasury Shares acquired	–	–	–	–	–	(1)	(1)	–	(1)
Net share-based payments in the period	–	–	–	–	–	4	4	–	4
Other movements in Minority interests	–	–	–	–	–	–	–	2	2
Dividends paid in the period	1	19	–	–	–	(79)	(59)	–	(59)
Balance at 30 September 2009	66	421	–	(16)	29	594	1,094	17	1,111

The accompanying notes form an integral part of these Condensed Consolidated Interim Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	6 months ended 30 September 2009 £m	6 months ended 30 September 2008 £m	Year ended 31 March 2009 £m
Net cash flows from operating activities	9a	127	94	354
Dividends received from associates		7	4	4
Other equity dividends received		2	–	1
Payments to acquire property, plant and equipment		(11)	(17)	(36)
Intangible development expenditure		(18)	(6)	(28)
Receipts from sale of property, plant and equipment		–	–	1
Net (payments)/receipts in respect of available-for-sale investments		–	(3)	4
Acquisition of interests in businesses, net of cash acquired		(54)	(123)	(197)
Acquisition of associates and joint ventures		(2)	(3)	(3)
Net cash flows from investing activities		(76)	(148)	(254)
Dividends paid to Minority interests		–	(6)	(16)
Dividends paid to owners of the parent		(59)	(76)	(106)
Payments to acquire Treasury Shares		–	(10)	(9)
Payments to acquire own shares for employee trusts		(4)	(22)	(22)
Proceeds from issue of ordinary shares		3	–	13
Proceeds from reissue of Treasury Shares		–	2	–
Hedging payments		–	(16)	(32)
Net funds received from borrowing		39	235	120
Net cash flows from financing activities		(21)	107	(52)
Exchange adjustment		(22)	30	6
Net increase in cash and cash equivalents		8	83	54
Net cash and cash equivalents at beginning of period		419	365	365
Net cash and cash equivalents at end of period	9b	427	448	419

The accompanying notes form an integral part of these Condensed Consolidated Interim Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1 Basis of preparation

The Condensed Consolidated Interim Financial Statements for the six months to 30 September 2009 do not constitute statutory financial information as defined in section 434 of the Companies Act 2006. The Condensed Consolidated Interim Financial Statements are unaudited but have been reviewed by the auditors, PricewaterhouseCoopers LLP, and their report is set out at the end of this document. The Annual Report for the year ended 31 March 2009 has been filed with the Registrar of Companies and the auditors issued an unqualified report thereon which did not contain any statement under section 237 of the Companies Act 1985.

The Condensed Consolidated Interim Financial Statements for the six months to 30 September 2009 have been prepared in accordance with the Disclosure and Transparency Rules (DTR) of the Financial Services Authority and with IAS34 "Interim Financial Reporting" as adopted by the European Union (EU). These Condensed Consolidated Interim Financial Statements should be read in conjunction with the Annual Report for the year ended 31 March 2009 which was prepared in accordance with IFRS as adopted by the EU.

The preparation of the Condensed Consolidated Interim Financial Statements requires the Group to make various estimates and assumptions when determining the carrying value of certain assets and liabilities. The significant judgements and estimates applied by the Group in these Condensed Consolidated Interim Financial Statements have been applied on a consistent basis with the Annual Report for the year ended 31 March 2009.

The Group maintains a columnar format for the presentation of its consolidated income statement. This enables the Group to continue its practice of improving the understanding of its results by presenting profit for the period before amortisation and impairment of intangibles arising on consolidation. This is the profit measure used to calculate adjusted EPS and is considered to be the most appropriate as it better reflects the Group's underlying cash earnings. Profit before amortisation and impairment of intangibles arising on consolidation is reconciled to profit before tax on the face of the income statement.

Intangible assets arising on consolidation represent goodwill and other separately identifiable intangible assets on business combinations since 1 April 2004. The amortisation of separately identifiable intangible assets and any impairment of goodwill are included in the income statement within the column "amortisation and impairment of intangibles arising on consolidation".

Prior-year adjustment

As set out in the Annual Report for the year ended 31 March 2009 the Group has determined that additional deferred tax liabilities should have been recognised in respect of temporary differences arising on certain intangible assets in the comparative period for the six months to 30 September 2008. The consequence of recognising such deferred tax liabilities is to recognise goodwill of an equivalent amount. Comparative amounts for the prior period have been restated.

The impact of the change on the consolidated income statement for the six months ended 30 September 2008 is to reduce the taxation expense and hence increase profit for the period by £8m: both basic and diluted EPS increased by 1.3p as a result. The impact on the consolidated balance sheet as at 30 September 2008 is to increase goodwill by £159m, increase investment in associates by £2m, increase deferred tax liabilities by £130m and increase retained earnings by £23m. The changes have no impact on the Group's cash flow and profit before tax before amortisation and impairments on intangible assets arising on consolidation.

Recent accounting developments

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 April 2009.

- IAS 1 (revised), 'Presentation of financial statements' prohibits the presentation of items of income and expense (that is 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in a performance statement.

Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements: an income statement and a statement of comprehensive income. The Group has elected to present the latter.

The interim financial statements have been prepared under the revised disclosure requirements.

- IFRS 8, 'Operating segments'. IFRS 8 replaces IAS 14, 'Segment reporting'. It requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. Management now, consider the reportable segments to consist of Core Voice EMEA, Core Voice Americas, Core Voice Asia Pacific, Electronic Broking, Post-Trade and Information Services and New Businesses.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the executive directors of the Board of ICAP plc.

Comparatives for 2008 have been restated.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1 Basis of preparation continued

- Amendments to IFRS 2, "Share Based Payment" clarifies the vesting and service conditions of certain employee share option schemes, whereby the cancellations of share options by employees are treated in the same way as a cancellation by the Group. This amendment has not had a material effect on the results and net assets of the Group.
- IFRIC 16, 'Hedges of a net investment in a foreign operation' apply to accounting periods beginning after 1 October 2008 and the Group has adopted these changes from the 1 April 2009. There has been no impact on the results or net assets of the Group as a result of this adoption.

A number of other interpretations and amendments to existing standards have been made by the IASB and IFRIC but are not considered relevant to the Group's operations.

The following new standards and amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 April 2009 and have not been early adopted.

- IFRS 3 (revised), 'Business combinations' and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28, 'Investments in associates' and IAS 31, 'Interests in joint ventures', apply prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. The Group will apply IFRS 3 (revised) to all business combinations completed after 1 April 2010. The Group expects that this will have no effect on the current results and net assets of the Group, but that prospectively it will depend on the nature of transactions undertaken by the Group.
- Amendments to IFRIC9 IAS39 "Financial Instruments: Recognition and Measurement" and IFRS 7 "Financial Instruments: Disclosures", are effective for annual periods beginning on or after 1 July 2009. These amendments are not expected to have a material effect on the results and net assets of the Group
- IFRIC 17, 'Distributions of non-cash assets to owners', effective for annual periods beginning on or after 1 July 2009. This is not currently applicable to the group, and is not expected to have a material effect on the results and net assets of the Group.
- IFRIC 18, 'Transfers of assets from customers', effective for transfers of assets received on or after 1 July 2009. This is not relevant to the Group, as it has not received any assets from customers.
- IFRS 9, 'Financial instruments' addresses clarification and measurement of financial assets, as the first phase of the replacement of IAS 39 'Financial instruments: Recognition and measurement' and is effective for annual periods beginning after 1 January 2013, subject to EU endorsement. The impact on the Group's financial statements of the future adoption of the standard is still under review.

2 Segment reporting

The Group has adopted IFRS 8 "Operating Segments" from 1 April 2009 and has restated the segment results from 31 March 2009 and 30 September 2008 accordingly. There is no effect on the overall results of the Group.

The Group has determined its operating segments based on the management information reviewed on a regular basis by the ICAP Plc Board. The Group considers the executive members of the ICAP Plc Board to be the Chief Operating Decision Maker.

The Chief Operating Decision Maker considers the business to consist of core and new business elements. The core business consists of regional voice brokerage businesses in EMEA, Americas and Asia Pacific, a global electronic brokerage business active in fixed income and FX markets and a global post-trade and information services business. Each of these five business areas are managed and reviewed by the Chief Operating Decision Maker on a standalone basis and as such, are considered segments. In addition the Chief Operating Decision Maker separately manages and reviews a portfolio of new business initiatives which were either acquired or started during the course of the last two financial years. This segment includes the Group's investments in Shipping, Arkhe, Link and cash equities along with a number of smaller acquisitions and new initiatives. The Chief Operating Decision Maker anticipates that this segment will be dynamic with new businesses, which represent a diversification of ICAP's existing business, joining the segment on acquisition or at inception. These businesses will normally be reported within this segment for two financial years whilst the business is integrated within ICAP or, in the case of start-up businesses move towards operational maturity. The segment will be reviewed at the start of each year and the comparatives restated to reflect any reclassifications between the core and new business segments.

The Group continues to disclose an operating segment for the Voice business in Asia Pacific even though this segment does not meet the quantitative thresholds to be mandatory under IFRS 8. This is to reflect the importance of the Asia Pacific region to the Group and the way the Group is managed.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2 Segment reporting continued

	6 months ended 30 September 2009							Total £m
	Core Voice Broking*			Electronic Broking £m	Post-Trade and Information Services £m	New Businesses £m		
	EMEA* £m	Americas* £m	Asia Pacific* £m					
Revenue	256	216	46	122	68	101	809	
Operating profit before amortisation and impairment of intangibles arising on consolidation	54	41	2	47	32	(7)	169	
Amortisation and impairment of intangibles arising on consolidation	–	(1)	–	(13)	(6)	(6)	(26)	
Operating profit	54	40	2	34	26	(13)	143	
Finance income							6	
Finance costs							(14)	
Share of profit of associates							4	
Profit before tax							139	
Tax							(45)	
Profit for the period							94	
Net assets								
Total assets	11,722	7,961	7,282	39,848	335	1,052	68,200	
Total liabilities	(11,624)	(7,624)	(7,212)	(39,470)	(269)	(890)	(67,089)	
Net assets	98	337	70	378	66	162	1,111	

	6 months ended 30 September 2008							Total £m
	Core Voice Broking*			Electronic Broking £m	Post-Trade and Information Services £m	New Businesses £m		
	EMEA* £m	Americas* £m	Asia Pacific* £m					
Revenue	251	195	51	129	51	87	764	
Operating profit before amortisation and impairment of intangibles arising on consolidation	56	37	3	50	25	12	183	
Amortisation and impairment of intangibles arising on consolidation	–	(2)	–	(11)	(6)	(6)	(25)	
Operating profit	56	35	3	39	19	6	158	
Finance income							9	
Finance costs							(22)	
Share of profit of associates							3	
Profit before tax							148	
Tax – as restated (note 1)							(51)	
Profit for the period – as restated (note 1)							97	
Net assets								
Total assets	8,331	6,013	5,674	25,338	294	1,270	46,920	
Total liabilities	(8,301)	(5,689)	(5,602)	(24,985)	(219)	(1,217)	(46,013)	
Net assets – as restated (note 1)	30	324	72	353	75	53	907	

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

	Year ended 31 March 2009						
	Core Voice Broking*			Electronic Broking £m	Post-Trade and Information Services £m	New Businesses £m	Total £m
	EMEA* £m	Americas* £m	Asia Pacific* £m				
Revenue	520	423	96	252	124	186	1,601
Operating profit before amortisation and impairment of intangibles arising on consolidation	135	76	(2)	88	61	3	361
Amortisation and impairment of intangibles arising on consolidation	(1)	(10)	(1)	(24)	(15)	(12)	(63)
Operating profit	134	66	(3)	64	46	(9)	298
Finance income							19
Finance costs							(43)
Share of profit of associates							7
Profit before tax							281
Tax							(95)
Profit for the period							186
Net assets							
Total assets	7,034	4,054	4,195	16,849	394	1,314	33,840
Total liabilities	(6,986)	(3,703)	(4,137)	(16,383)	(272)	(1,219)	(32,700)
Net assets	48	351	58	466	122	95	1,140

Revenue earned by product type is disclosed below:

Product type	6 months ended 30 September 2009 £m	6 months ended 30 September 2008 £m	Year ended 31 March 2009 £m
	Interest rates	319	316
Credit	108	79	194
Commodities	85	76	159
Foreign exchange	131	124	244
Equities	104	105	202
Emerging markets	62	64	125
Total revenue	809	764	1,601

The Group does not earn more than 10% of its total revenue from any individual customer.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

3 Tax

Tax charged to the income statement in the period

	6 months ended 30 September 2009 £m	6 months ended 30 September 2008 £m	Year ended 31 March 2009 £m
Current tax			
UK Corporation Tax at 28% (Comparative periods – 28%)			
– Current period	14	20	43
– Double tax relief	–	–	(1)
Overseas tax			
– Current period	35	40	52
– Adjustment to prior periods	–	(1)	(10)
	49	59	84
Deferred tax			
Tax charge – as previously stated	(4)	–	11
Deferred tax – prior year adjustment (note 1)	45	59	95
	–	(8)	–
Tax charge – as restated (note 1)	45	51	95

The Group's share of profit of associates in the income statement is shown net of tax of £2m (30 September 2008 – £2m).

The prior year adjustment impacting the 6 month period ended 30 September 2008 represents the unwinding of the deferred tax liabilities recognised in respect of the amortisation of separately identifiable intangible assets arising on consolidation (note 1).

4 Dividends

	6 months ended 30 September 2009 £m	6 months ended 30 September 2008 £m	Year ended 31 March 2009 £m
Amounts recognised as distributions to equity holders in the period:			
Final dividend for the year ended 31 March 2009 of 12.35p (2008 – 11.95p) per share	79	76	76
Interim dividend for the year ended 31 March 2009 of 4.7p	–	–	30
	79	76	106

The final dividend for the year ended 31 March 2009 was satisfied with a cash payment of £59m and a scrip dividend of 4,567,807 ICAP plc ordinary shares of 10p each issued at £4.333 (value £20m).

On 17 November 2009 the Board approved an interim dividend for the year ended 31 March 2010 of 5.11p per share. The dividend will be satisfied in both cash and the issue of ICAP plc ordinary shares depending on share holder election.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

5 Earnings per ordinary share

The Group continues to calculate an adjusted EPS measurement ratio in the notes to the financial statements as it believes that it is the most appropriate measurement, since it better reflects the Group's underlying cash earnings.

	6 months ended 30 September 2009			6 months ended 30 September 2008		
	Earnings £m	Shares millions	Earnings Per share pence	Earnings £m	Shares millions	Earnings Per share pence
Basic – as previously reported	94	639	14.7	84	635	13.2
Prior year adjustment (note 1)	–	–	–	8	–	1.3
Basic – as restated (note 1)	94	639	14.7	92	635	14.5
Dilutive effect of share options	–	13	(0.3)	–	15	(0.3)
Diluted basic – as restated (note 1)	94	652	14.4	92	650	14.2

	6 months ended 30 September 2009			6 months ended 30 September 2008		
	Earnings £m	Shares millions	Earnings Per share pence	Earnings £m	Shares millions	Earnings Per share pence
Basic – as restated (note 1)	94	639	14.7	92	635	14.5
Amortisation and impairment of intangibles arising on consolidation	18	–	2.8	17	–	2.7
Adjusted basic	112	639	17.5	109	635	17.2
Dilutive effect of share options	–	13	(0.3)	–	15	(0.4)
Adjusted diluted	112	652	17.2	109	650	16.8

	Year ended 31 March 2009		
	Earnings £m	Shares millions	Earnings Per share pence
Basic	175	634	27.6
Dilutive effect of share options	–	16	(0.7)
Diluted basic	175	650	26.9

	Year ended 31 March 2009		
	Earnings £m	Shares millions	Earnings Per share pence
Basic	175	634	27.6
Amortisation and impairment of intangibles arising on consolidation	41	–	6.5
Adjusted basic	216	634	34.1
Dilutive effect of share options	–	16	(0.9)
Adjusted diluted	216	650	33.2

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

6 Matched principal transactions

Certain Group companies are involved as principal in the purchase and simultaneous commitment to sell securities between third parties. Such trades are complete only when both sides of the deal are settled and so the Group is exposed to risk in the event that one side of the transaction remains unsettled. Substantially all the transactions settle within a short period of time and the settlement risk is considered to be minimal. All amounts due to and payable by counterparties in respect of matched principal business are shown gross, except where a legally enforceable netting agreement exists and the asset and liability are either settled net or simultaneously.

The gross amount of matched principal transactions included in both trade and other receivables and trade and other payables is £64,701m (September 2008 – £43,894m, March 2009 – £30,446m).

Certain Group companies are involved in collateralised stock lending transactions as an intermediary between counterparties. The gross amount of these transactions included within trade and other receivables and trade and other payables is £1,052m (September 2008 – £684m, March 2009 – £865m).

7 Acquisitions

Subsidiaries

Arkhe Distribuidora De Titulos E Valores Mobiliários S.A. (Arkhe)

On 13 July 2009, the Group completed the acquisition of 100% of the share capital of Arkhe, a leading independent broker in Brazil, for an initial consideration of R\$20m (US\$10m). Contingent deferred consideration based on the average operating profit of Arkhe and certain complementary ICAP businesses for the three years to 30 June 2012 will be paid in August 2012. Currently this is estimated at R\$25m with a net present value at acquisition of R\$16m. Total consideration is capped at US\$55m (equivalent to R\$107m at current exchange rates).

The fair value adjustments include the recognition of intangible assets arising on consolidation of R\$22m represented by customer relationships of R\$20m and the brand value of R\$2m which are being amortised over seven years, and other provisions of R\$89m. Other provisions are for contingent liabilities that existed at acquisition, but were not previously recognised by Arkhe.

The initial consideration, and any future contingent deferred consideration will be held in escrow together with the proceeds earned by the vendors by selling certain assets, for a period of up to six years and may be used to settle any of the contingent liabilities. The Group has recognised an asset of R\$40m which represents the net present value of the expected escrow amount.

Goodwill of R\$49m has been recognised in respect of assets which are not separately identifiable, principally the assembled work force and potential future growth of the business.

In the period from the acquisition to 30 September 2009, the Arkhe business has been integrated with certain complementary Group businesses and the results of the acquired business are no longer distinguishable from the combined business.

Ocean Tomo LLC (Ocean Tomo)

On 15 June 2009, the Group acquired the assets and business of the transactions division of Ocean Tomo the leading Intellectual Capital Merchant Banc[®] firm, a patent brokerage business located in the USA, for a consideration of US\$10m consisting of \$5m in cash and 692,226 ICAP plc ordinary shares of 10p each issued at £4.4395 (value US\$5m). Costs of \$0.3m have also been recognised as consideration.

The fair value adjustments include the recognition of separately identifiable intangible assets arising on consolidation of \$3m for the Ocean Tomo brand to which the Group has rights for ten years. The asset will be amortised over the ten years. Goodwill of \$7m has been recognised in respect of assets which are not separately identifiable, principally the assembled workforce and future growth potential of the business.

In the period from the acquisition to 30 September 2009, Ocean Tomo contributed £0.3m of revenues and £0.5m of loss before tax, before amortisation of intangibles arising on consolidation. If the acquisition had occurred on the first day of the financial year the contributions would have been similar.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

7 Acquisitions continued

Other

On 6 May 2009, ICAP acquired an initial 75% shareholding in an electronic interdealer broking business. The minority shareholders, under the terms of the shareholder agreement, have the right to put and ICAP the ability to call the remaining shares, using pre-agreed pricing formulae, from 1 July 2011. The exit price is estimated to be £7m with a net present value of £6m and is capped at £11.6m. Goodwill of £6m has been recognised in respect of assets which are not separately identifiable, principally the potential future growth of the business.

In the period from the acquisition to 30 September 2009, the business contributed £0.5m of revenues and £0.3m of profit before tax, before amortisation of intangibles arising on consolidation, but after restructuring costs and the impact of unwinding of discount on the contingent deferred consideration. If the acquisition had occurred on the first day of the financial year the contributions would have been similar.

	Arkhe		Ocean Tomo and others		Total	
	Book value £m	Provisional fair value £m	Book value £m	Provisional fair value £m	Book value £m	Provisional fair value £m
Net assets acquired						
Intangible assets arising on consolidation	–	7	–	2	–	9
Cash and cash equivalents	2	2	–	–	2	2
Trade and other receivables	22	34	–	–	22	34
Trade and other payables	(18)	(46)	–	–	(18)	(46)
	6	(3)	–	2	6	(1)
Goodwill		15		11		26
Consideration		12		13		25
Satisfied by:						
Cash		6		3		9
Acquisition costs capitalised		1		–		1
Shares issued		–		4		4
Contingent deferred consideration		5		6		11
		12		13		25

Reset

In March 2009, the remaining minority shareholder exercised their option to require ICAP to acquire the remaining 15% of Reset. The total consideration was \$43m (£30m) of which \$41m (£29m) was paid in April 2009.

Associates

Walker Street Securities Holdings LP (Walker St Securities) and subsidiary companies including Ticonderoga Securities LLC (Ticonderoga)

On 17 June 2009, the Group acquired a 19.9% interest in Walker St Securities, a US investment partnership, for an initial investment of \$0.5m. The Group also acquired an option for \$25,000 to acquire a further 40.1% in Walker St Securities. The option is exercisable any time between the 18 June 2010 and 16 June 2011. The agreed cost to exercise this option is \$2.7m. The option is recognised as a financial derivative a current assets, within other receivables at its fair value of \$25,000.

The Group's partners in Walker St Securities have a put option on the remaining 40% of the shares that allows them to require the Group to acquire their shares at an agreed price of six times profit after tax at anytime from June 2012 to June 2016, capped at 4.99% of value of the Group. The Group also has a call option over these shares exercisable for the same period at eight times profit after tax. In line with Group accounting policies, the put option is regarded as a financial derivative and the amount due recognised as a non-current liability in other payables at a value of \$23.1m, which represents the net present value of the amount which the Group expects to pay when the put is exercised. A non-current asset, representing the value of the shares which will be acquired as a result of the put being exercised, has been established in other receivables at a fair value of \$22.7m.

The Group has made an interest-free loan to Walker St Securities of \$2.7m, which is repayable on exercise of the Group's option for the same amount. The loan is included within investments in associates.

The Walker St Securities group includes Ticonderoga, a US company involved in securities broking. Since acquisition, the Group has invested \$10.5m for the purposes of temporary operating capital, in Ticonderoga in return for redeemable preference shares which carry a coupon of 9% and are redeemable subject to certain conditions after one year. The Group has concluded that the terms and conditions of the preference shares require them to be recognised as a receivable and not as an investment.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

7 Acquisitions continued

Contingent deferred consideration in respect of acquisitions

A number of acquisitions made by the Group are satisfied in part by contingent deferred consideration. The Group has re-estimated the amounts due where necessary, with any corresponding adjustments being made to goodwill.

Included within contingent deferred consideration are amounts which are exercisable at certain dates in the future on put options written over shares held by minorities where the Group considers it highly likely that these options will be exercised.

	6 months ended 30 September 2009						
	Arke £m	Link £m	ICAP Equities £m	ICAP Shipping £m	Walker Street Securities £m	Others £m	Total £m
Contingent deferred consideration outstanding as at 1 April 2009	–	25	13	8	–	2	48
Acquisitions in the period	6	–	–	–	14	5	25
Consideration paid in the period	–	(14)	–	(1)	–	(1)	(16)
Unwinding of discount	–	–	1	–	–	1	2
Adjustment to goodwill during the period	–	(5)	(3)	(3)	–	–	(11)
Exchange adjustment	–	–	–	–	–	–	–
Contingent deferred consideration outstanding as at 30 September 2009	6	6	11	4	14	7	48

	6 months ended 30 September 2008				
	Link £m	ICAP Equities £m	ICAP Shipping £m	Reset £m	Total £m
Contingent deferred consideration outstanding as at 1 April 2008	–	–	9	41	50
Acquisitions in the period	45	6	–	–	51
Consideration paid in the period	–	–	(3)	–	(3)
Unwinding of discount	3	–	1	1	5
Adjustment to goodwill during the period	–	–	13	–	13
Exchange adjustment	–	–	–	5	5
Contingent deferred consideration outstanding as at 30 September 2008	48	6	20	47	121

	Year ended 31 March 2009					
	Link £m	ICAP Equities £m	ICAP Shipping £m	Reset £m	Others £m	Total £m
Contingent deferred consideration outstanding as at 1 April 2008	–	–	9	41	–	50
Acquisitions in the year	23	–	–	–	2	25
Amount recognised for options over Minority interests	–	12	3	–	–	15
Consideration paid in the period	–	–	(3)	(66)	–	(69)
Unwinding of discount	2	1	1	2	–	6
Adjustment to goodwill during the year	–	–	(2)	7	–	5
Exchange adjustment	–	–	–	16	–	16
Contingent deferred consideration outstanding as at 31 March 2009	25	13	8	–	2	48

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

7 Acquisitions continued

Intangible assets arising on consolidation

Intangible assets arising on consolidation consist of goodwill of £952m and separately identifiable intangible assets of £353m. Additions recognised during the period were £26m of goodwill and £9m of separately identifiable intangible assets. A re-estimate of the amounts due as contingent deferred consideration has decreased goodwill by £11m as at 30 September 2009. Intangible assets arising on consolidation are recognised in the currency of the underlying assets acquired and this has given rise to an exchange adjustment of £97m in the period. Amortisation of separately identifiable intangible assets of £26m has been charged during the period. No impairments of intangible assets arising on consolidation were required during the period.

As at 30 September 2009					
Analysis of intangible assets	Business segment	Year of acquisition	Goodwill £m	Other intangible assets £m	Net book value £m
Exco's acquisition of Intercapital	EMEA	1998	23	–	23
ICAP Energy	Americas	2002	18	–	18
First Brokers	Americas	2002	16	–	16
Acquired Asian Businesses	Asia pacific	2002	12	–	12
ICAP Electronic Broking	Electronic Broking	2003	146	–	146
United Fuels	Americas	2005	14	–	14
EBS	Electronic Broking	2006	317	175	492
Reset	Post-trade and Information Services	2006	132	1	133
Traiana	Post-trade and Information Services	2007	95	69	164
ICAP Shipping	New Businesses	2007/08	30	4	34
Link	New Businesses	2009	85	94	179
ICAP Equities (UK and Hong Kong)	New Businesses	2009	9	–	9
Arkhe	New Businesses	2009	17	7	24
Ocean Tomo	New Businesses	2009	5	1	6
Others	Various	Various	33	2	35
			952	353	1,305

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

8 Borrowings

	As at 30 September 2009 £m	As at 30 September 2008 £m	As at 31 March 2009 £m
Long-term borrowings			
Subordinated loan notes	121	108	135
Five year senior notes	274	–	–
Amortising term loan	–	–	135
	395	108	270

In June 2005 the Group issued \$225m of guaranteed subordinated loan notes repayable in 2015. The issue consisted of \$32m floating rate notes and a further \$193m of notes with a fixed coupon of 5.84% for the first five years and LIBOR plus 1.95% thereafter. In June 2007 the Group redeemed the floating rate notes at par.

In April 2008 the Group entered into a 364-day, £150m term loan with The Royal Bank of Scotland to finance the acquisition of Link. The Group subsequently restructured the loan into a £135m amortising term loan on 17 November 2008. The restructured term loan was priced at LIBOR plus 3.0% and was repaid on 28 July 2009. The weighted average effective interest rate for the period was 3.8% (September 2008: 6.7%; 31 March 2009: 6.0%).

On 28 July 2009, the Group issued €300 million of five-year senior notes (the "Notes") with a coupon of 7.5% under its Global Medium Term Note programme. The Notes were issued at a price of €99.496, accounted for using the effective interest rate base and shown net of both this discount and fees of £2m directly attributable to the issue. The Notes rank as senior obligations of the issuer and provide the investors, following a change in the Company's ownership, with the right to put the Notes at par in the event that the rating assigned to the Notes falls to sub-investment grade. The Notes are listed and traded on the London Stock Exchange's regulated market. At 30 September 2009 the Notes were rated BBB+ by Fitch Ratings Limited and Baa2 by Moody's Investors Service Limited. In the event that either of these ratings fall below investment grade the coupon payable on the Notes will increase by 1.25% until such time as an investment grade rating is restored.

To enable the Group to manage the translational exposure which arises as a result of the Notes being denominated in euros and to meet its risk management objective of minimising both interest cost and the impact of interest volatility on its income statement, the Group entered into a number of cross-currency swaps to convert its obligations over the life of the notes from euros to sterling. The first €100m of the Notes have been swapped from a fixed euro-denominated coupon of 7.5% to a fixed sterling denominated coupon of 8.58% and the remaining €200m from a fixed euro-denominated coupon of 7.5% to a floating sterling denominated coupon of six month LIBOR+ 4.92%. The fixed to fixed swaps have been accounted for as a cash flow hedge and at 30 September 2009 have a fair market value of £5m (2008: nil). These swaps offset the effect of foreign exchange on the Notes, which resulted in a net charge of £nil being recognised in the income statement and £5m in equity during the period. The fixed to floating swaps have been treated as a fair value hedge, have a fair market value of £12m (2008: nil) at 30 September 2009 and resulted in a net £2m gain being recognised in the income statement during the period.

	As at 30 September 2009 £m	As at 30 September 2008 £m	As at 31 March 2009 £m
Short-term borrowings			
Bank overdrafts	3	3	14
Revolving credit facilities	167	433	275
Term loan	–	150	–
European commercial paper	9	–	–
	179	586	289

In March 2008, the Group entered into a three-year unsecured revolving credit facility of which £473m is available for general corporate purposes including the financing of acquisitions, with the remaining \$94m to meet margin calls. The amount drawn down on the short-term revolving credit facility as at 30 September 2009 is £167m (2008 – £433m) and is net of capitalised fees of £1m (2008 – £2m). To take advantage of lower short-term interest rates, the amounts drawn as at 30 September 2009 were for a one-week period and have been included within short-term borrowings. The facility carries a floating interest rate of LIBOR plus 0.45% with an additional 0.10% payable dependent on the debt to earnings ratio. The weighted average effective interest rate for the year was 1.0% (September 2008: 5.3%; 31 March 2009: 3.5%).

During March 2009, the Group put in place a £500m European Commercial Paper programme as access to short-term liquidity and to provide an alternative mechanism to finance the Group's working capital and margin requirements. At 30 September 2009, €10m of paper, with a term less than 90 days, was outstanding under the programme.

Bank overdrafts are for short-term funding and are repayable on demand, and are generally repaid within a very short time period.

In May 2008, the Group entered into a £75m 364-day unsecured revolving credit facility with Lloyds TSB Bank plc. The facility remained undrawn throughout the period and was cancelled on 30 September 2009.

The Group's bank facilities contain a number of customary financial and operational covenants. The Group remained in compliance with the terms of these covenants throughout the six-month period ended 30 September 2009.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

9 Cash flow

(a) Reconciliation of profit before tax to net cash flow from operating activities

	6 months ended 30 September 2009 £m	6 months ended 30 September 2008 £m	Year ended 31 March 2009 £m
Profit before tax	139	148	281
Share of operating profits of associates after tax	(4)	(4)	(7)
Amortisation and impairment of intangible assets arising on consolidation	26	26	63
Amortisation of intangible assets arising from development expenditure	12	7	18
Depreciation of property, plant and equipment	11	10	23
Other amortisation and impairments	–	–	3
Revaluation of available-for-sale investments	–	2	–
Profit on disposal of available-for-sale investments	–	–	(4)
Share-based payments	4	4	8
Net finance costs	8	13	24
Operating cash flows before movements in working capital	196	206	409
(Increase)/decrease in trade and other receivables	(10)	(27)	55
(Decrease) in trade and other payables	(32)	(28)	(8)
Net receipts in respect of financial assets held at fair value	14	–	(1)
Cash generated by operations	168	151	455
Interest received	2	6	15
Interest paid	(13)	(16)	(34)
Tax paid	(30)	(47)	(82)
Net cash flow from operating activities	127	94	354

The movement in trade and other receivables and trade and other payables excludes the impact of the gross-up of matched principal trades as permitted by IAS7 "Cash Flow Statements". The gross-up has no impact on the cash flow or net assets of the Group. The cash flow movement in trade and other receivables includes the net movement on matched principal transactions and deposits for securities borrowed/loaned. The movement for the six months to September 2009, after accounting for acquisitions, is an inflow of £15m (six months to September 2008 is an outflow of £13m, year to March 2009 is an inflow of £7m).

(b) Net cash and cash equivalents

Net cash and cash equivalents comprise cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Net cash and cash equivalents comprise the following amounts:

	6 months ended 30 September 2009 £m	6 months ended 30 September 2008 £m	Year ended 31 March 2009 £m
Cash and cash equivalents included in current assets	430	451	433
Short-term bank overdrafts	(3)	(3)	(14)
Net cash and cash equivalents	427	448	419

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

10 Contingent liabilities

The highly regulated nature of the Group's business means that from time to time the Group is subject to regulatory enquiries and investigations, particularly in the US. The Group is currently involved in a number of these. Some of these regulatory enquiries and investigations are broad and tend to be industry wide in nature.

(a) In February 2006, in the US, the SEC issued a formal order of investigation to ICAP Securities USA LLC, a wholly-owned subsidiary of the Group, and other interdealer brokers in government and other fixed income securities, in relation to an enquiry that commenced in 2005. In addition, the SEC issued several requests for information relating to ICAP Securities USA LLC's voice mortgage-backed securities desk. The mortgage aspect of the investigation has been in progress since April 2008. ICAP Securities USA LLC has cooperated with the SEC throughout.

On 22 October 2009 the New York Regional Office Staff of the SEC provided ICAP Securities USA LLC with a "Wells" notice stating that the Staff intends to recommend that the SEC's Commission bring enforcement actions for possible violations of the federal securities laws. ICAP Securities USA LLC has discussed these matters with the SEC and has substantial disagreements with the SEC regarding how they should properly be viewed. ICAP Securities USA LLC has presented to the SEC its view of the relevant facts and law in writing and indicated its commitment to vigorously pursue an outcome that fairly reflects the matters at issue if necessary, while also indicating its preference that this investigation be resolved through a negotiated settlement if possible.

Although the Wells notice is neither a formal allegation nor a finding of wrongdoing the potential range of remedies available to the SEC in an enforcement action include, among other things, financial penalties; disgorgement and prejudgment interest; charges against individuals; undertakings, including the appointment of an independent consultant; possible administrative remedial sanctions; cease-and-desist order; permanent injunctive and other remedial relief. Such matters are inherently subject to many uncertainties and the Group cannot currently predict their outcomes, including whether such outcomes will be material or not. Accordingly no provision has been made.

(b) In 2004, the National Australia Bank (NAB) announced that it incurred FX trading losses of AUD\$360 million. NAB subsequently alleged in correspondence sent to ICAP plc, that one of the Group's subsidiaries helped NAB traders mask these losses. The Group does not accept any responsibility for NAB's losses and has not received any correspondence from NAB since October 2006.

(c) From time to time the Group is engaged in litigation in relation to a variety of matters. It is not possible to quantify the extent of any potential liabilities, but there are none currently expected to have a material adverse impact on the Group's consolidated results or net assets.

(d) In the normal course of business, certain Group companies enter into guarantees and indemnities to cover trading arrangements and/or the use of third party services or software.

11 Related party transactions

The nature of the various services provided to some of the Groups joint ventures and associates is similar to those for the year ended 31 March 2009, with the exception of the following new transactions:

- (a) During the period the Group loaned \$10.5m to Ticonderoga, a subsidiary of Walker Street Securities, an associate company, in return for redeemable preference shares which carry a coupon of 9% and are redeemable subject to certain conditions after one year.
- (b) During the period a new subsidiary of the Group, Trading Cross Connects Holdings Limited issued shares to the value of \$4m as consideration for a technology asset to a third party controlled by a member of the Group's Global Executive Management Group.

The basis of remuneration of key management personnel remains consistent with that disclosed in the Annual Report for the year ended 31 March 2009.

12 Exchange rates

The principal exchange rates which affect the Group, expressed in currency per £1, are shown below:

	Closing rate as at 30 September 2009	Closing rate as at 30 September 2008	Closing rate as at 31 March 2009	Average rate 6 months ended 30 September 2009	Average rate 6 months ended 30 September 2008	Average rate year ended 31 March 2009
US dollar	1.60	1.78	1.43	1.58	1.93	1.72
Euro	1.09	1.27	1.08	1.13	1.26	1.20
Yen	143.20	189.23	141.57	150.34	203.67	174.73

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors confirm that this condensed set of financial statements has been prepared in accordance with IAS34 as adopted by the European Union, and that the interim management report and the condensed set of financial statements herein includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8.

Changes in directors

The directors of ICAP plc are listed in the ICAP plc Annual Report for the year ended 31 March 2009. The only changes in directors since the year end are the resignation of David Puth, a non-executive director, on 15 September 2009 and the appointment of John Sievwright as a non-executive director on 15 July 2009.

By order of the Board

Michael Spencer
Group Chief Executive Officer

Matthew Lester
Group Finance Director

17 November 2009

INDEPENDENT REVIEW REPORT TO ICAP PLC

Introduction

We been engaged by the company to review the Condensed Consolidated Interim Financial Information in the half yearly financial report for the six months ended 30 September 2009, which comprises the consolidated income statement, statement of comprehensive income, balance sheet, statement of changes in equity, statement of cash flows and related notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the Condensed Consolidated Interim Financial Information.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority. As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our responsibility

Our responsibility is to express to the company a conclusion on the Condensed Consolidated Interim Financial Information in the half-yearly financial report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Condensed Consolidated Interim Financial Information in the half-yearly financial report for the six months ended 30 September 2009 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

PricewaterhouseCoopers LLP

Chartered Accountants

London
17 November 2009

Notes:

1 The maintenance and integrity of the ICAP web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim report since it was initially presented on the web site.

2 Legislation in the United Kingdom governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.